

Subject: BUDGET IMPASSE

REFERENCES	SECTIONS
Responsible Control Agency and Program	Governor State Legislature Department of Finance State Controllers' Office
<b>Other:</b>	
SCO – Press Release dated 7/8/04	<a href="http://www.sco.ca.gov/eo/pressbox/2004/07/budget0708.pdf">http://www.sco.ca.gov/eo/pressbox/2004/07/budget0708.pdf</a>

## Budget Impasse

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**Purpose** The purpose of this section is to briefly summarize what happens when the State Budget is not passed in a timely matter. The State Controller does everything in his/her power to continue to provide payments for essential services.

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**Expenditures** The charts below show what obligations can and can't be paid until a budget is signed into law.

Who/What Can Be Paid	Description
State employees	Paychecks will continue to be paid to all State employees.
Prior year obligations	These payments are for costs incurred in the prior fiscal year. These include vendor payments for services provided before June 30.
Constitutional authorizations	These are financial obligations set out in the State Constitution, such as debt service and related interest payments, and revenue limit education payments.
Federal mandates	Even without a budget, California must comply with federal law. Therefore federally mandated payments such as Medic-al and Cal Works will be continued being paid.
Continuous legislative appropriations	These expenses with ongoing authorization of the Legislature, such as unclaimed property payments and income tax refunds, will be continued being paid.

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## **Budget Impasse, Continued**

### **Expenditures (continued)**

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<b>Who/What Can't Be Paid</b>	<b>Description</b>
State elected officials/appointed staff	Salaries and per diem are withheld until a budget is adopted.
Vendors	Payment can't be made to vendors for services provided during the new fiscal year.
Schools	Payments to community colleges, school districts, local governments, some non-profit organizations and other entities not allowed as specified above.
Savings plus	If you participate in the State's 401(K) and/or 457 plans, your contributions will not be credited to your account for any month your paycheck is delayed. The State credits missed contributions once paychecks are issued. Savings Plus Program (SPP) contributions post on the date the paycheck is issued.
Revolving funds, such as salary advances and travel advances	Not paid until budget is passed.

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